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SUBJECT: CONNECTING THE SOUTHWEST: SICHUAN'S NEW ROADS PAVED WITH
QUAKE MONEY

REF: CHENGDU 069

CHENGDU 00000081 001.2 OF 003

¶1. (SBU) This cable contains sensitive but unclassified
information -- not for distribution on the internet.

¶2. (SBU) Summary: Economic stimulus and earthquake
reconstruction money will fund rapid transportation network
expansion in Southwest China's Sichuan province over the next
three years. Many of the newly planned transportation links
will cover the quake zone, assisting recovery in 36 counties.
Increased air and rail links into Tibetan areas comprise a
significant portion of the planning. The transportation
upgrades are aimed at improving Sichuan's connections to
neighboring provinces and strengthening Chengdu as a regional
transportation hub. Beyond 2012, provincial transportation
infrastructure plans are even more ambitious, including a major
new airport and a direct Chengdu-Lhasa railway. Protectionist
inclinations in neighboring provinces and the limited human
resource capacity will likely present challenges to these
ambitions, while controversy may dog plans in Tibetan areas.
End summary.

By 2012: 60% more expressways, 20% more railways, 3 new airports

¶3. (SBU) During an April 15 meeting with Congenoffs, Yue Wen,
Deputy Director of the Sichuan Development and Reform
Commission's (SDRC) Transportation Division, laid out the
provincial government's new planning for expansion of
transportation links between now and 2012. Earthquake recovery
and economic stimulus planning have been added to development
already envisioned under the current five-year program, the
eleventh, which runs through 2010. The latest iteration of
transportation expansion planning calls for a total investment
of 660 billion RMB (nearly USD 100 billion) for the construction
of eight new expressways, nine new railways, and three new
airports, and will increase the length of road, rail, and river
transport by nearly a third from 230,000 kilometers to 300,000
kilometers. Total expressways (gaosugonglu) are to increase by
over 60 percent from 2,160 kilometers to 3,500 kilometers;
railway length is to grow by 20 percent from 3,000 kilometers to
3,700 kilometers; and new airports are to be built in Leshan,
Yading and Hongyuan bringing the province's total to fourteen.

Some smaller projects, such as non-expressway roads and river transportation infrastructure are also included.

Current construction in Chengdu: new rail lines and major airport expansion

14. (U) Sichuan's transportation infrastructure push is well in evidence in Chengdu where the city's first metro line is due for completion next year, and a second line should be open by 2012. The provincial government's website highlights the progress of current construction on several new rail lines linking Chengdu with the rest of the province. For example, construction on a new high-speed rail line from downtown Chengdu to Dujiangyan, a quake-hit city of 600,000 in northwestern Chengdu, began late in 2008 and is due to be completed by May 2010. Chengdu's Shuangliu Airport began construction on a second runway in December 2008, which is due for completion this year; a corresponding new terminal is planned for completion in 2011. Once this expansion is complete, Chengdu's air passenger capacity will leap from the current 16 million to 38 million. (Note: at present, only Beijing, Shanghai and Guangzhou airports have second runways. Chongqing is also in the process of expanding its airport and its officials, along with Chengdu's, have said their city's airport will be the first in Southwest China with two runways.)

Reconstruction and stimulus fueling transportation expansion

CHENGDU 00000081 002.2 OF 003

15. (SBU) Yue emphasized that the current transportation planning is closely linked both with earthquake reconstruction planning and economic stimulus. The included projects are all due to start during calendar year 2009 and will add many new transportation links throughout the earthquake zone, assisting recovery work in 36 quake-hit Sichuan counties. SDRC details on the budget breakdown are fuzzy, but Yue confirmed that funding for the 660 billion RMB 2009-2012 plan will come from a variety of sources, including normal central and provincial government budget allocations along with quake reconstruction and economic stimulus funds. Assistance from other provinces for earthquake reconstruction will provide support for some county-level road projects.

Toward 2020: building a regional transportation hub

16. (SBU) The planned transportation links highlight the Sichuan government's ambitions to transform Chengdu into a regional transportation hub, with particular emphasis on linking the inland province with trade opportunities tied to improved road connections from Yunnan Province to Southeast Asian countries. Three of the eight expressways in the current plan will link to Yunnan. Beyond 2012 the provincial government's goals are even more ambitious, including an additional doubling of expressways and railways. By 2020, they plan for expressways to reach 8,600 kilometers, railways 8,000 kilometers, and for a total of 17 provincial airports. Yue noted that Sichuan Province Communist Party Committee Secretary Liu Qibao is

particularly focused on the 2020 goals.

17. (U) Another indicator of Sichuan's ambitions is the planning for a second, much larger Chengdu airport. The new airport, to be built about 50 kilometers southwest of downtown Chengdu, will have six runways and be able to accommodate annual traffic of 85 million passengers -- over twice as many as the upgraded Shangliu airport -- and two million tons of freight, say Sichuan officials. Jintang County government officials note that site selection and design are still in process and may take at least another two years.

Two Tibetan Area Airports and the Chengdu - Lhasa Railway Begins Soon

18. (U) Two of the three airports due to be built by 2012, Yading and Hongyuan, are in Tibetan areas of Sichuan (Yading is a natural reserve area in Ganzi Autonomous Prefecture; Hongyuan is in Aba Autonomous Prefecture). Additionally, upcoming railway projects will link Chengdu directly with the Tibetan Autonomous Region and Tibetan areas of Sichuan and Gansu provinces. According to local media reports, the Ministry of the Railway and the provincial government on January 10 signed an agreement to accelerate construction of railways, including a new line from Chengdu to Lhasa. Construction on the Chengdu-Lhasa railway is to begin this year, and will take eight years to complete at a cost of 53.78 billion RMB. It will run via Aba Autonomous Prefecture, then through Qinghai and Xinjiang. The new line from Chengdu to Lanzhou will also run through Aba and will cover Tibetan areas of Gansu. The, rail links into Tibetan areas, especially the Chengdu-Lhasa line, are expected to be controversial for both social and environmental reasons.

Too ambitious? Provincial protectionism and limited capacity could check progress

CHENGDU 00000081 003.2 OF 003

19. (SBU) Protectionist inclinations in neighboring Yunnan as well as limited human resource capacity may present important challenges to Sichuan's ambitions. As discussed in reftel, the deterioration of road quality of the Yunnan portion of the current single Sichuan-Yunnan expressway seems linked to both protectionism and highway funding problems. As highway links from Yunnan to Southeast Asia expand, protectionism in Yunnan Province will likely be a continuing problem for Sichuan Province. The subpar workmanship reftel notes on newly built Sichuan expressways, partially due to poorly qualified project managers, raises questions on whether Sichuan will be able to accomplish its very ambitious road network expansion plans while maintaining its current road network.
BOUGHNER